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**CONTACT: 2003-23  
RICHARD MILLS/RICARDO REYES  
(202) 395-3230**

**USTR 2003 Review of Telecom Trade Agreements Highlights Market Access Barriers  
around the World**

WASHINGTON - Furthering its mission to promote market access in telecommunications markets abroad, the Office of the United States Trade Representative (USTR) announced today the results of the 2003 annual review of foreign compliance with telecommunications trade agreements (the "Section 1377" review).

The key issues identified this year include continued problems with high wholesale prices for access to foreign telecom networks and foreign regulators that lack the will or ability to address these and other problems. Countries such as the United Kingdom, Italy and Germany have made important progress in addressing these issues over the past year. Others, such as Mexico and Japan, are beginning to develop possible solutions.

"Telecommunications is a critical part of the infrastructure of modern and growing economies, and access to overseas markets is important to not only the American telecom sector, but is also key to stimulating economic growth and development. The lack of fair, transparent regulatory treatment of telecom companies in foreign markets has proven one of the biggest obstacles to ensuring competitive opportunities and the development of telecom networks," said U.S. Trade Representative Robert B. Zoellick.

"Without fair and transparent telecom regulatory treatment, the investment needed for the growth and development of the telecom sector will be constrained – hurting consumers, workers and companies here and abroad. The United States will keep a sharp focus on implementation of these rules, engaging directly with trade partners and, where appropriate, pursuing enforcement action in the WTO," said Zoellick, noting a recent case in the WTO filed against Mexico.

WTO rules provide pro-competitive guidelines for regulators to follow in ensuring reasonable access to networks and impartiality of the regulatory processes. These have been key to important progress that has occurred in many markets relating to concerns identified last year (noted in full report identified below).

To bolster WTO disciplines in these areas, USTR has negotiated strong provisions in Free Trade Agreements with Singapore and Chile, and will propose similar rules in additional FTAs now

being pursued. In addition, USTR will seek additional commitments in the WTO for more effective regulatory oversight in the telecommunications sector as part of the WTO service negotiations.

## **BACKGROUND**

USTR annually reviews the operation and effectiveness of U.S. telecommunications trade agreements pursuant to Section 1377 of the Omnibus Trade and Competitiveness Act of 1988. USTR conducted this review on the basis of public comments submitted by U.S. industry and other interested parties and in consultation with other U.S. Government agencies and U.S. trading partners.

Issues identified this year as hindering market access include:

- unjustifiably high prices for the service of connecting U.S. networks with both fixed and mobile networks in countries as diverse as Argentina, the Dominican Republic, Germany, Japan, Mexico and Switzerland;
- lack of reasonable access to leased lines, particularly in Australia, France, Germany, Mexico and Singapore; and
- willingness of foreign authorities to tolerate breaches of domestic telecom rules by favored companies, in countries such as Mexico.

USTR's focus on these issues and the engagement with foreign governments during the review, can produce favorable results. For example, the issue of denial of market access to the mobile telecom market in Antigua, raised during this review, was recently resolved favorably through a coordinated interagency effort.

USTR has urged national regulators to fulfill their responsibility to address such problems and initial signs of success are promising, addressing a number of issues identified in last year's report. For example, some foreign regulators (e.g. Italy and the United Kingdom) are beginning to address the issue of high charges for access to mobile networks, and governments in Germany, Japan, Switzerland and Mexico are crafting more effective tools regulators need to combat anti-competitive practices. USTR will actively monitor progress on these issues over the coming year.

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